

## Message Text

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PAGE 01 SANTIA 07125 211959Z

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ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 EA-06 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 GSA-01 OPIC-03 XMB-02 /105 W

----- 061622

R 211826Z NOV 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 1142

INFO AMEMBASSY PARIS

AMEMBASSY LIMA

AMEMBASSY BRUSSELS

AMEMBASSY KINSHASA

AMCONSUL LUBUMBASHI

AMEMBASSY LUSAKA

AMCONSUL PORT MORESBY

AMEMBASSY CANBERRA

AMEMBASSY TOKYO

AMEMBASSY LONDON

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EO 11652: GDS

TAGS: ETRD, EIND, CI, ECIN, EMIN

SUBJ: ACTION CHILE WILL TAKE IN ACCORD WITH PARIS CIPEC MEETING

REF: STATE 255226

1. LOCAL PRESS NOV 21 HEADLINED STORIES FROM REUTER AND AP WIRE SERVICES TO EFFECT THAT CIPEC COUNTRIES PLAN TO REDUCE COPPER EXPORTS BY 10 PERCENT. MINMINES TORO IS QUOTED AS SAYING THAT EXPORTS WILL BE REDUCED BY NOT CHILEAN COPPER PRODUCTION.

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PAGE 02 SANTIA 07125 211959Z

2. REPORT IS CONSIDERED ERRONEOUS BY OFFICIALS GOC'S COPPER CORPORATION, CODELCO. AT HASTILY SCHEDULED NOON PRESS CONFERENCE NOV 21, ACTING CODELCO VICE PRESIDENT GEN. JORGE LEON ASSERTED THAT TO REDUCE EXPORTS WITHOUT REDUCING PRODUCTION WOULD SIMPLY TRANSFER MARKET-DEPRESSING STOCKPILES FROM LME TO CIPEC COUNTRIES WITH NO NET EFFECT ON COPPER PRICES. HE THEN READ A STATEMENT MAKING FOLLOWING POINTS:

A. PARIS CIPEC MINISTERIAL CONFERENCE WHICH TOOK PLACE NOV 18 AND 19 RESULTED IN UNANIMOUS DECISION TO REDUCE PRODUCTION OF COPPER BY AN INITIAL AMOUNT OF 10 PERCENT WITH FURTHER CUTS TO BE MADE IF MARKET DOES NOT RECOVER,

B. STARTING DECEMBER 1, PRODUCTION AT EXOTICA MINE WILL BE STOPPED FOR SIX MONTHS.

C. CHILE WILL REDUCE PRODUCTION AND SALES OF ELECTROLYTIC AND BLISTER COPPER AND COPPER CONCENTRATES. THIS MEASURE WILL PRIMARILY AFFECT BROKERS, TRADERS AND NON-TRADITIONAL CUSTOMERS.

D. EVERY EFFORT WILL BE MADE TO AVOID AFFECTING TRADITIONAL CUSTOMERS. TRADITIONAL CUSTOMERS WILL BE NOTIFIED IN ADVANCE IF REDUCTIONS BECOME NECESSARY.

E. CIPEC MEASURE IS DESIGNED TO OBTAIN JUST PRICE FOR COPPER EXPORTS WHILE MINIMIZING ADVERSE EFFECT ON NORMAL CONSUMER OPERATIONS.

F. CIPEC HOPES OTHER COPPER PRODUCING COUNTRIES WILL PARTICIPATE.

3. GEN. LEON SAID CIPEC IS FORMING SPECIAL COMMITTEE TO MONITOR PRODUCTION, BUT GAVE NO DETAILS ABOUT ENFORCEMENT OF AGREEMENT.

4. HEAD OF CODELCO'S RESEARCH DEPARTMENT SUBSEQUENTLY TOLD EMBOFF THAT CIPEC WILL REDUCE PRODUCTION BY 120,000 MT FOR THE INITIAL SIX MONTH PERIOD OF WHICH CHILE'S SHARE IS 40,000MT.

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PAGE 03 SANTIAGO 07125 211959Z

5. COMMENT: EXOTICA APPEARS LOGICAL CHOICE FOR TEMPORARY SHUTDOWN, BECAUSE SERIOUS METALLURGICAL PROBLEMS HAVE KEPT PRODUCTION FAR BELOW PROGRAMMED LEVELS (28,111 MT INSTEAD OF 35,391 MT PROGRAMMED FOR FIRST 10 MONTHS 1974). A TRADE SOURCE SAYS THAT A SIX MONTH SHUTDOWN IS OPPORTUNE AS IT WILL PERMIT REORGANIZATION OF ORE PROCESSING TO THE NEW SOLVENT REDUCTION SYSTEM NOW BEING INSTALLED. SOURCE DOUBTS, HOWEVER, THAT EXOTICA WOULD HAVE BEEN SHUT DOWN DURING

TRANSITION IN ABSENCE OF CIPEC ARRANGEMENT.  
POPPER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COPPER, EXPORTS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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